
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 11.17.2009

Wall Street Journal: "America's Newest Land Baron: FDIC ... In the waning days of the Great Recession, the federal government is still jumpstarting the economy and propping up financial markets."

Wall Street Journal: "Audit Is Critical of N.Y. Fed in AIG Bailout ... The Federal Reserve Bank of New York caved into demands by American International Group Inc.'s trading partners that they be paid in full for complex securities they had insured with the company, saving some of the world's biggest banks from potentially large losses, according to a government audit."

Wall Street Journal: "TARP Can't Save Some Banks ... U.S. regulators have seized or threatened at least 27 banks that received capital infusions from the Troubled Asset Relief Program, including some lenders that government officials knew were troubled when they awarded the money."

Wall Street Journal: "Bernanke Warns of Weakened Economic Rebound ... Federal Reserve chairman Ben Bernanke offered a dreary assessment Monday of how the economic recovery will unfold, warning that persistent high unemployment, tepid bank lending and continued troubles in commercial real estate would blemish and weaken the rebound."

Wall Street Journal: "Fed Targets Gift-Card Fees ... The Federal Reserve on Monday proposed new regulations aimed at limiting fees and expiration dates associated with retail gift cards."

Wall Street Journal: "Mortgage-Delinquency Rate Rose to New High in 3rd Quarter ... Mortgage delinquencies rose for the 11th straight time to a new high in the third quarter, although the rate of increase again relaxed a bit, credit information company TransUnion reported Tuesday."

Wall Street Journal: "Fed Officials Wondering Aloud: Should We Ever Raise Rates to Burst a Bubble? ... Federal Reserve officials in public mull over a tough issue: Should the Fed raise interest rates to let some air out of a bubble even if there's not much cause to worry about inflation in prices of goods and services or wages? The old answer was, "No." The new answer is, well, "Maybe.""

Wall Street Journal: "The Permanent TARP ... It's hard to imagine a worse piece of financial regulatory legislation than the bill Barney Frank and the administration put before the House Financial Services Committee last month. But Sen. Chris Dodd's effort, introduced last week, clears this hurdle."

Wall Street Journal: "A Dollar Warning From Asia ... Federal Reserve officials sometimes sound as if their only worry is the domestic U.S. economy, but their gusher of dollars is starting to have serious consequences for the rest of the world. Nowhere is this more evident than in Asia, where President Obama is getting an earful from leaders this week about what all those greenbacks are doing to their economies."

Washington Post: "Fed criticized for not negotiating harder with AIG creditors ... Federal Reserve officials made only a passing attempt to negotiate discounts from the creditors of American International Group last fall before directing the company to fully pay what it owed on its troubled derivatives contracts, according to a report from the special inspector general overseeing the government's financial rescue program."

Washington Post: "GMAC replaces chief executive as it negotiates for more aid ... The troubled auto and home lender GMAC Financial Services said Monday that chief executive Alvaro de Molina is stepping down and that Michael A. Carpenter, a member of the company's board of directors, has been named his successor."

NY Times: "Audit Faults New York Fed in A.I.G. Bailout ... The Federal Reserve Bank of New York gave up much of its power in high-pressure negotiations with the American International Group's trading partners last year, according to a government report made public on Monday."

NY Times: "Continuing Unemployment Is Predicted by Fed Chief ... The chairman of the Federal Reserve, Ben S. Bernanke, warned on Monday that high unemployment and a continued reluctance by banks to make loans were likely to slow the economic recovery for the next year."

NY Times: "A Change at the Top of GMAC as It Negotiates for Another Government Bailout ... GMAC Financial Services, the former lending arm of General Motors, replaced its chief executive on Monday as it negotiates for another round of bailout financing from the federal government."

NY Times: "Volcker Criticizes Accounting Proposal ... A proposal to give banking regulators authority to block accounting standards is "a terrible idea," Paul A. Volcker, a former chairman of the Federal Reserve Board, said Monday."

LA Times: "GM plans to pay back its government loans early ... Borrowing a page from the playbooks of Bank of America and Goldman Sachs, General Motors Co. is moving to repay its federal loans early."

LA Times: "Fed targets fine print on gift cards ... The Federal Reserve proposed rules Monday that would protect gift card users from fees and other unexpected restrictions."

LA Times: "Ben Bernanke sees need for further economic stimulus ... Federal Reserve Chairman Ben S. Bernanke on Monday waded into the debate over the vigor of the economic recovery, offering a sobering view of what lies ahead."

USA Today: "Fed to exempt some investors from mortgage disclosure law ... The Federal Reserve is proposing to exempt some investors from a requirement that consumers receive notice within 30 days after their home loan is sold or transferred to a new mortgage company."

USA Today: "Fed 'attentive' to dollar, but no action appears imminent ... Federal Reserve Chairman Ben Bernanke on Monday said the central bank is "attentive" to the falling dollar. But the greenback fell to 15-month lows after skeptical investors realized there's little the central bank would do to prop up the currency."

Politico: "Morning Money"

Politico: "Report hits Geithner over AIG bailout ... The government's watchdog over the bank bailout program is criticizing

Treasury Secretary Timothy Geithner's handling of one of the most sensitive moments of last year's financial meltdown, questioning decisions he made while heading up the New York Federal Reserve Bank."

The Hill: "House Democrats push largest firms to pre-pay for possible failures ... House Democrats are looking to tweak financial overhaul legislation so that the largest firms will pay for future failures."

The Hill: "Union calls for bailout transfer to small business ... The head of the country's largest union federation is calling on lawmakers to redirect bailout funds meant for Wall Street to small businesses."

The Hill: "TARP watchdog: Fed mishandled AIG ... The top government watchdog over the \$700 billion financial rescue package sharply criticized the Federal Reserve for mishandling the bailout."

The Hill: "Bernanke sees 'moderate' growth for the economy; jobs progress remains slow ... Federal Reserve Chairman Ben Bernanke on Monday offered a gloomy outlook for the economy next year."

Washington Times: "Report: Billions wasted in AIG bailout ... The Federal Reserve's initial emergency plan last fall to save then-failing American International Group was so hastily put together and poorly structured that it resulted in billions of additional taxpayer dollars spent on the insurance giant, says a new report by a Treasury Department independent watchdog."

Washington Times: "Bernanke: 'Head winds' hamper recovery ... Federal Reserve Chairman Ben S. Bernanke said the "head winds" of reduced bank lending and a weak job market will restrain the pace of the nation's recovery from the longest, deepest economic downturn in seven decades."

Reuters: "New tool in Fed shed to do heavy lifting in exit ... The U.S. Federal Reserve may rely principally on the largely untested monetary policy tool of paying interest on bank reserves when the time eventually comes to raise borrowing costs."

Bloomberg: "Bernanke Signals 'Extended' Low-Rate Period May Become Longer ... Federal Reserve Chairman Ben S. Bernanke's diagnosis of a weak U.S. economy and labor market signaled that the central bank's extended period of low borrowing costs may get even longer."

Bloomberg: "Banking Fix Made Easy With Six Simple Steps: Roger Lowenstein ... Financial reform seems to be flailing. Legislation has been proposed, but it is complicated and diffuse. Most of the proposed fixes are incremental changes that don't seem likely to prevent a future bubble."

Forbes: "Active Government = Unstable Economy ... Eighty years ago this fall the stock market crashed, which was followed by the Great Depression. That catastrophe, coming on the heels of World War I, destroyed the faith countless numbers of people had in democratic politics and traditional free markets."